Manitoba

Preliminary Financial Report

Hon. Greg Selinger – Minister of Finance

For the Year Ended March 31, 2002

PROVINCE OF MANITOBA
NOTES TO THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

This report presents the unaudited financial results of the Province of Manitoba for the year ended March 31, 2002. The amounts reported represent the most current data available and it is expected that they will remain largely unchanged when final audited financial statements are issued for the year.

The comparative data provided for the 2000/01 fiscal year has been restated to reflect the organizational structure of departments established in the 2001/02 Estimates.

2001/02 YEAR-END RESULTS

For the 2001/02 fiscal year, a positive balance of $53.7 million is expected. This is an increase of $28.8 million from the $24.9 million balance projected in the Third Quarter Financial Report. The improvement is primarily due to lower than anticipated program expenditures as a result of expenditure management measures implemented in the last quarter of the fiscal year.

The Third Quarter Financial Report included the estimated impact of the anticipated result of negotiations with the federal government respecting the federal error on the calculation of income tax payments. The Third Quarter Financial Report was based on a cautious and prudent result of these negotiations. The information outlined in this Preliminary Year-End Report on this matter is consistent with the information provided in the Third Quarter Financial Report. Extensive consultations with the federal government have occurred and negotiations continue. More details on the nature and impact of this error are outlined on page 3.

As outlined in the 2002 Provincial Budget and reflected in the 2001/02 Third Quarter Financial Report, a special revenue payment of $150.0 million from Manitoba Hydro was planned to support the 2001/02 fiscal position of the province. As announced in the 2002 Budget, this $150.0 million transfer is part of a total transfer of $288.0 million over three years. These payments will help mitigate the impact of the federal error and reduced Corporate Income Tax revenues. These payments are intended to bridge the shortfall until the federal error is fully absorbed and Corporate Income Tax revenues recover.

While the 2002 Budget anticipated the initial $150.0 million payment from Manitoba Hydro occurring in the 2001/02 fiscal year, the legislative authorization for the transfer did not occur until recently, and as a result, the initial payment of $150.0 million will be recorded as revenue to the province in the 2002/03 fiscal year. As a transitional measure, a $150.0 million transfer from the Fiscal Stabilization Fund will occur in the 2001/02 fiscal year in lieu of the payment from Manitoba Hydro. This transfer will be reversed in the 2002/03 fiscal year to replenish the Fiscal Stabilization Fund.

Comparison To Budget

Total expenditures were $6,743.3 million, or $13.7 million less than the 2001/02 budget estimate of $6,757.0 million. This represents an improvement of $36.0 million from the 2001/02 third quarter projection when a $22.3 million over-expenditure was projected. This improvement was largely attributable to expenditure restraint measures implemented during the fiscal year. Notable expenditure variances from Budget include $63.6 million in additional expenditures on health care, a $17.9 million increase in emergency related expenditures (forest fire suppression and 2001 Spring flooding) offset by a $44.0 million reduction in public debt costs, and lower than budgeted expenditures in most other departments.

Comparison To Budget (continued)

Total revenue was $6,743.4 million, a decrease of $60.0 million from the budget estimate of $6,803.4 million. As discussed earlier, the decrease relates to the impact of the federal error as well as lower than anticipated corporate income tax revenues, partially offset by the anticipated $134.0 million positive adjustment in Equalization related to the federal accounting error (see page 3). Other reductions in revenue include a $44.5 million reduction in Equalization as a result of prior period adjustments and a $10.6 million reduction in Mining Tax revenues. Other notable revenue variances include an $8.2 million increase in revenues from the Manitoba Lotteries Corporation, an $8.0 million increase in Retail Sales Tax receipts and a $6.2 million increase in Water Power Rentals.

Comparison to Previous Year

Total expenditures increased by $128.1 million or 1.9% from the 2000/01 actual level. Program expenditures increased $224.7 million largely driven by Health ($167.3 million), Education, Training and Youth ($44.6 million), Family Services and Housing ($36.2 million) and Justice ($14.0 million). Offsetting the various increases was a $96.6 million year-over-year reduction in public debt servicing costs and a $45.2 million reduction in Agriculture and Food primarily due to the completion of a one-time assistance program in 2000/01.

Total Revenue was $8.7 million less than the previous year's actual level. As noted previously, this year-over-year comparison reflects the impact of the federal error and the anticipated adjustment to Equalization. The net reduction of $8.7 million is comprised of a number of increases and decreases, including decreases in Individual Income Tax ($104.2 million), Corporate Income Tax ($131.2 million) and Mining Tax ($36.1 million). These decreases were partially offset by increases in revenues from Equalization ($56.4 million), Water Power Rentals ($55.9 million), Canada Health and Social Transfer ($47.2 million), Retail Sales Tax ($32.8 million), and Tobacco Tax ($16.9 million).

PART B - CAPITAL INVESTMENT

The preliminary results for Part B - Capital Investment expenditures are provided on page 8. The expenditures on capital investment totalled $41.1 million in 2001/02, $16.9 million less than the budgeted level. The under-expenditure results primarily from delays in implementing and/or completing various capital projects.

DEBT RETIREMENT

The 2001 Budget provided for a $96.4 million contribution to the Debt Retirement Fund. As required by the balanced budget legislation, an allocation committee determines the share of those funds directed to pension or general purpose debt. For 2001/02, the committee allocated $75.0 million for retirement of pension obligations, leaving $21.4 million for the retirement of general purpose debt. A status of the Debt Retirement Fund is outlined on page 12.

FISCAL STABILIZATION FUND

The status of the Fiscal Stabilization Fund is provided on page 13. As noted previously, as a transitional measure, a $150.0 million transfer will be made from the Fiscal Stabilization Fund to the Operating Fund in the 2001/02 fiscal year in lieu of the planned $150.0 million payment from Manitoba Hydro. This transfer will be reversed in the 2002/03 fiscal year from the $150.0 million payment from Manitoba Hydro being received in the 2002/03 fiscal year.

As noted in the Third Quarter Financial Report, the budgeted general transfer of $60.0 million to the Operating Fund will not be required. As at March 31, 2002 the Fund has a balance of $238.1 million, including the transfer to the Fund of the projected 2001/02 surplus of $53.7 million. Once the $150.0 million transfer is reversed, the Fiscal Stabilization Fund will have a balance of $388.1 million prior to any 2002/03 transfer.

BORROWING ACTIVITY

The borrowing estimate for the 2001/02 fiscal year was $2,200.8 million. Actual borrowing for 2001/02 was $2,889.1, an increase of $688.3 million from original estimates. The increase was due to the funding of an allocation to the Provincial Sinking Fund for the repurchase of foreign debt, pre-funding of maturing debt issues, and refinancing Centra Gas debt at a saving to Manitoba Hydro.

The actual borrowing included $2,368.4 million for refinancing maturing debt issues with the balance for self-sustaining programs, including Manitoba Hydro, and to fund an allocation to the Provincial Sinking Fund for the repurchase of foreign debt. Of the $2.9 billion borrowed, $2.4 billion was raised in the public market.

EFFECT ON MANITOBA OF THE FEDERAL PAYMENTS ERROR ON INCOME TAX REVENUES

On January 29, 2002, the federal government disclosed a long-standing error that had been made by the federal government in calculating provincial individual income tax (PIT) revenue.

Under federal-provincial tax collection agreements, the federal government has responsibility for the collection of provincial Individual Income Taxes (other than Quebec) and paying the amounts owed to the provincial governments. The federal government makes interim payments to provinces during the taxation year based on an estimate of the total amount of provincial income taxes. After the income tax returns for the tax year have been filed and processed, the taxes actually assessed in the Province are reconciled with the interim payments. Any difference is remitted either to Canada or the province as appropriate.

However, in the case of mutual fund trusts, refunds of provincial tax assessed on capital gains were apparently never accounted for in the federal reconciliation calculation.

The impact of this error on Manitoba has been significant due to the large financial services sector in the province. For Manitoba, the federal error meant that:

- higher income tax remittances were received from the federal government;
- lower equalization payments were received; and
- budgets over the last ten years were based on a revenue track artificially inflated by the effects of the error.

Extensive discussions have been held with the federal government on the implications of this error for Manitoba. The 2001/02 revenue level assumes that the federal government will put in place a comprehensive resolution to the federal error. This requires recognition that the current measurement of fiscal capacity in the Equalization Program is overstated for every year in which recoveries are made. The recovery of refunds for the 2000 tax year has already occurred. The 2001/02 level for Individual Income Tax reflects the estimated adjustments resulting from the federal recovery of overpayments related to the 2001 tax year. Accordingly, the 2001/02 revenue level also includes a positive adjustment for Equalization of $134.0 million in anticipation of a fair and responsible response by the federal government in respect of this issue.

The impact of the federal error on prior and future fiscal years was outlined in the 2002 Budget.

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

2000/01 ACTUAL	2001/02 ACTUAL [1]	INCREASE (DECREASE)		2001/02 ACTUAL [1]	2001/02 ESTIMATE [2]	2001/02 VARIANCE
(thousands of dollars)				(thousands of dollars)		
			Revenue			
4,660,692	4,540,349	(120,343)	Own Source Revenue	4,540,349	4,675,677	(135,328)
2,091,365	2,203,053	111,688	Government of Canada	2,203,053	2,127,722	75,331
6,752,057	6,743,402	(8,655)	**Total Revenue**	6,743,402	6,803,399	(59,997)
			Expenditure			
6,104,512	6,329,195	224,683	Program Expenditure	6,329,195	6,298,846	30,349
510,723	414,128	(96,595)	Debt Servicing	414,128	458,132	(44,004)
6,615,235	6,743,323	128,088	**Total Expenditure**	6,743,323	6,756,978	(13,655)
136,822	79	(136,743)	**Net Revenue/(Expenditure)**	79	46,421	(46,342)
			Interfund Transfers			
(96,357)	(96,357)	-	To Debt/Pension Repayment	(96,357)	(96,000)	(357)
			From Fiscal Stabilization Fund			
-	150,000	150,000	- Re: Manitoba Hydro Transfer	150,000	-	150,000
-	-	-	- Other	-	60,000	(60,000)
(96,357)	53,643	150,000	**Total Interfund Transfers**	53,643	(36,000)	89,643
40,465	53,722	13,257	**Excess of Revenue over Expenditure for Balanced Budget Legislation**	53,722	10,421	43,301
(40,465)	(53,722)	(13,257)	Less: Net Revenue Transferred to Fiscal Stabilization Fund	(53,722)	(10,421)	(43,301)
-	-	-	**Net Result for the Year**	-	-	-

Notes:
1. Preliminary Unaudited Actuals
2. As per 2001 Budget

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF REVENUE
FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

2000/01 ACTUAL	2001/02 ACTUAL [1]	INCREASE (DECREASE)		2001/02 ACTUAL [1]	2001/02 ESTIMATE [2]	2001/02 VARIANCE
(thousands of dollars)				(thousands of dollars)		
			Taxation:			
			Consumer and Corporate Affairs			
41,764	43,227	1,463	- Insurance Corporations Tax	43,227	41,452	1,775
12,392	13,647	1,255	- Land Transfer Tax	13,647	11,900	1,747
54,156	56,874	2,718		56,874	53,352	3,522
			Finance			
1,756,647	1,652,457	(104,190)	- Individual Income Tax	1,652,457	1,754,350	(101,893)
444,128	312,885	(131,243)	- Corporation Income Tax	312,885	375,200	(62,315)
124,182	132,431	8,249	- Corporation Capital Tax	132,431	137,500	(5,069)
156,877	156,590	(287)	- Gasoline Tax	156,590	157,000	(410)
238,785	244,416	5,631	- Levy for Health and Education	244,416	241,400	3,016
45,443	9,357	(36,086)	- Mining Tax	9,357	20,000	(10,643)
66,670	66,281	(389)	- Motive Fuel Tax	66,281	67,000	(719)
932,783	965,560	32,777	- Retail Sales Tax	965,560	957,600	7,960
67,981	65,924	(2,057)	- Revenue Act, 1964, Part I	65,924	65,600	324
121,479	138,302	16,823	- Tobacco Tax	138,302	135,500	2,802
3,037	3,400	363	- Environmental Protection Tax	3,400	3,000	400
111	430	319	- Other Taxes	430	112	318
3,958,123	3,748,033	(210,090)		3,748,033	3,914,262	(166,229)
			Industry, Trade and Mines			
4,838	3,621	(1,217)	- Oil and Natural Gas Tax	3,621	3,984	(363)
4,017,117	3,808,528	(208,589)		3,808,528	3,971,598	(163,070)
			Other Revenue:			
53,369	109,300	55,931	Conservation - Water Power Rentals	109,300	103,100	6,200
28,478	27,762	(716)	Conservation - Other	27,762	29,210	(1,448)
8,100	19,730	11,630	Finance	19,730	1,920	17,810
16,902	19,572	2,670	Justice	19,572	21,393	(1,821)
			Transportation and Government			
74,672	76,165	1,493	Services	76,165	79,552	(3,387)
238,455	248,234	9,779	Manitoba Lotteries Corporation	248,234	240,000	8,234
158,613	163,316	4,703	Liquor Control Commission	163,316	161,250	2,066
64,986	67,742	2,756	Other Departments	67,742	67,654	88
643,575	731,821	88,246		731,821	704,079	27,742
4,660,692	4,540,349	(120,343)	**Total Own Source Revenue**	4,540,349	4,675,677	(135,328)

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF REVENUE
FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

2000/01 ACTUAL	2001/02 ACTUAL [1]	INCREASE (DECREASE)		2001/02 ACTUAL [1]	2001/02 ESTIMATE [2]	2001/02 VARIANCE
(thousands of dollars)				(thousands of dollars)		
			Government of Canada			
1,339,236	1,395,609	56,373	Equalization	1,395,609	1,306,100	89,509
638,017	685,236	47,219	Canada Health and Social Transfer	685,236	677,800	7,436
-	2,843	2,843	Medical Equipment	2,843	18,000	(15,157)
			Other			
12,444	11,584	(860)	- Advanced Education	11,584	13,783	(2,199)
10,459	8,723	(1,736)	- Conservation	8,723	9,605	(882)
			- Transportation and Government			
4,217	5,596	1,379	Services	5,596	8,281	(2,685)
(2,722)	1,749	4,471	- Emergency Expenditures	1,749	4,811	(3,062)
89,714	91,713	1,999	- Other Departments	91,713	89,342	2,371
2,091,365	2,203,053	111,688		2,203,053	2,127,722	75,331
6,752,057	6,743,402	(8,655)	**Total Revenue**	6,743,402	6,803,399	(59,997)

Notes:
1. Preliminary Unaudited Revenue
2. As per 2001 Budget

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF PART A – OPERATING EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

2000/01 ACTUAL	2001/02 ACTUAL [1]	INCREASE (DECREASE)		2001/02 ACTUAL [1]	2001/02 ESTIMATE [2]	2001/02 VARIANCE
(thousands of dollars)				(thousands of dollars)		
21,180	22,089	909	Legislative Assembly	22,089	22,360	(271)
3,266	3,280	14	Executive Council	3,280	3,571	(291)
22,967	23,976	1,009	Aboriginal and Northern Affairs	23,976	25,167	(1,191)
412,904	405,288	(7,616)	Advanced Education	405,288	413,403	(8,115)
161,969	116,807	(45,162)	Agriculture and Food	116,807	122,094	(5,287)
3,149	3,535	386	Civil Service Commission	3,535	4,283	(748)
5,953	5,793	(160)	Community Support Programs	5,793	6,033	(240)
147,126	144,847	(2,279)	Conservation	144,847	153,716	(8,869)
8,807	9,129	322	Consumer and Corporate Affairs	9,129	9,758	(629)
58,469	58,791	322	Culture, Heritage and Tourism	58,791	59,920	(1,129)
1,025,794	1,070,425	44,631	Education, Training and Youth	1,070,425	1,076,271	(5,846)
44,309	65,559	21,250	Employee Pensions and Other Costs	65,559	64,783	776
774,255	810,484	36,229	Family Services and Housing	810,484	808,696	1,788
96,312	99,171	2,859	Finance - Departmental Costs	99,171	104,363	(5,192)
510,723	414,128	(96,595)	Finance - Debt Servicing Costs	414,128	458,132	(44,004)
2,502,111	2,669,382	167,271	Health	2,669,382	2,605,796	63,586
12,488	16,509	4,021	Healthy Child Initiative	16,509	18,281	(1,772)
46,965	40,910	(6,055)	Industry, Trade and Mines	40,910	50,746	(9,836)
135,753	134,624	(1,129)	Intergovernmental Affairs	134,624	145,858	(11,234)
224,703	238,666	13,963	Justice	238,666	235,626	3,040
24,134	25,215	1,081	Labour and Immigration	25,215	25,370	(155)
788	713	(75)	Seniors Directorate	713	788	(75)
11,463	10,263	(1,200)	Sport	10,263	10,368	(105)
1,078	1,112	34	Status of Women	1,112	1,217	(105)
297,638	301,249	3,611	Transportation and Government Services	301,249	315,516	(14,267)
30,175	2,866	(27,309)	Enabling Appropriations	2,866	45,062	(42,196)
30,756	48,512	17,756	Other Appropriations	48,512	29,800	18,712
-	-	-	Year-End Savings	-	(60,000)	60,000
6,615,235	6,743,323	128,088	**Total Expenditure**	6,743,323	6,756,978	(13,655)

Notes:
1. Preliminary Unaudited Expenditure
2. As per 2001 Budget

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF PART B – CAPITAL INVESTMENT
FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

2000/01 ACTUAL	2001/02 ACTUAL [1]	INCREASE (DECREASE)		2001/02 ACTUAL [1]	2001/02 ESTIMATE [2]	2001/02 VARIANCE
(thousands of dollars)				(thousands of dollars)		
139	56	(83)	Agriculture and Food	56	56	-
920	889	(31)	Conservation	889	889	-
-	74	74	Consumer and Corporate Affairs	74	500	(426)
11	-	(11)	Culture, Heritage and Tourism	-	-	-
89	-	(89)	Education, Training and Youth	-	-	-
159	1,308	1,149	Family Services and Housing	1,308	2,021	(713)
7,257	260	(6,997)	Finance	260	1,417	(1,157)
109	902	793	Health	902	8,000	(7,098)
284	1,488	1,204	Justice	1,488	1,494	(6)
22,350	19,464	(2,886)	Transportation and Government Services	19,464	22,640	(3,176)
10,537	16,618	6,081	Enabling Appropriations	16,618	20,983	(4,365)
41,855	41,059	(796)	**Total Capital Investment**	41,059	58,000	(16,941)

Notes:
1. Preliminary Unaudited Expenditure
2. As per 2001 Budget

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF VALUATION AND PURPOSE OF
DIRECT AND GUARANTEED DEBT OUTSTANDING
MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

Canadian Dollar Equivalent at Date of Issue Mar. 31/02	Canadian Dollar Equivalent at Date of Issue Mar. 31/01	Increase (Decrease) Mar. 31/02 over Mar. 31/01			Canadian Dollar Valuation (Note 1) Mar. 31/02	Canadian Dollar Valuation (Note 1) Mar.31/01	Increase (Decrease) Mar. 31/02 over Mar. 31/01
(thousands of dollars)					(thousands of dollars)		
			Direct Debt Payable in:				
11,835,290	11,576,012	259,278	Canadian Dollars		11,807,490	11,548,212	259,278
2,962,401	2,489,533	472,868	Issues Swapped to Canadian Dollars		3,221,628	2,624,374	597,254
3,055,916	3,656,931	(601,015)	U.S. Dollars		3,734,567	4,765,523	(1,030,956)
1,403,111	881,092	522,019	Issues Swapped to U.S. Dollars		1,555,051	1,015,640	539,411
19,256,718	18,603,568	653,150	Total Direct Debt		20,318,736	19,953,749	364,987
			Guaranteed Debt Payable in:				
595,190	416,102	179,088	Canadian Dollars		595,190	416,102	179,088
-	-	-	U.S. Dollars		-	-	-
595,190	416,102	179,088	Total Guaranteed Debt		595,190	416,102	179,088
19,851,908	19,019,670	832,238	**Total Direct and Guaranteed Debt**	(Note 2)	20,913,926	20,369,851	544,075
6,410,517	6,138,654	271,863	Less: Sinking Fund Investments		6,410,517	6,138,654	271,863
100,444	75,227	25,217	Less: Debt Retirement Fund		100,444	75,227	25,217
13,340,947	12,805,789	535,158	**Net Direct and Guaranteed Debt**	(Note 3)	14,402,965	14,155,970	246,995

PROVINCE OF MANITOBA
OPERATING FUND
STATEMENT OF VALUATION AND PURPOSE OF
DIRECT AND GUARANTEED DEBT OUTSTANDING
MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

NOTES:

1. The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at March 31, 2002 and March 31, 2001.

2. Direct and Guaranteed Debt are payable in Canadian and U.S. dollars. As at March 31, 2002, total gross debt was payable 75% in Canadian dollars and 25% in U.S. dollars. Of this total, General Purpose Debt and Other Debt was payable 94% in Canadian dollars (87% at March 31, 2001) and 6% in U.S. dollars (13% at March 31, 2001) while Manitoba Hydro was payable 42% in Canadian dollars (47% at March 31, 2001) and 58% in U.S. dollars (53% at March 31, 2001).

3. The debt was issued for the following purposes:

	March 31, 2002		March 31, 2001	
	(in thousands)	(per capita) (Note 6)	(in thousands)	(per capita) (Note 6)
General Government Programs	6,406,112	5,571	6,537,300	5,693
The Manitoba Hydro-Electric Board	6,263,251	5,446	6,052,524	5,271
Capital Investments (Note 4)	244,900	213	260,390	227
Manitoba Hospital Facilities (Note 4)	390,000	339	220,000	192
Other	1,098,702	955	1,085,756	946
Total (Note 5)	14,402,965	12,524	14,155,970	12,329

4. Capital Investments are the stock of tangible capital assets held by government. These are paid off over the useful life of the assets (see Main Estimates page 161 for details). Manitoba Hospital Facilities debt was recorded as Provincial debt for the first time in 2000/01. Previously, this debt was held in the name of individual health facilities at a higher overall cost to taxpayers. Hospital Facilities debt is repaid over terms up to 20 years.

5. The $247 million increase in total debt is comprised of a $378 million increase due to the continued consolidation of Hospital Facilities debt on Province's records, combined with the refinancing of Centra Gas debt at a saving to Manitoba Hydro and the impact of a weaker Canadian dollar, partially offset by the 2001/02 deposit to the Debt Retirement Fund and lower General Government Program debt which totalled $131 million.

6. Per capita data is based upon population figures at April 1, 2002 and April 1, 2001 as reported by Statistics Canada. Taxpayer supported debt including debt for general government programs, capital investments and hospital facilities increased as a result of the continued consolidation of hospital facility debt offset by lower general government program debt. Self-sustaining debt including Manitoba Hydro increased due to new capital requirements of Manitoba Hydro, refinancing of Centra Gas debt and the impact of the weaker Canadian dollar. Manitoba Hydro's U.S. dollar revenues are sufficient to pay the interest and principal on all outstanding U.S. dollar debt.

PROVINCE OF MANITOBA
STATEMENT OF ACCUMULATED DEFICIT
FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

	2001/02	2000/01
	(thousands of dollars)	
Accumulated Deficit, Beginning of Year	6,710,530	6,713,996
Prior years' adjustments		
Recovery of 2000/01 Personal Income Tax Overpayment Re: Federal Accounting Error (1)	196,291	-
Capitalization of Tangible Capital Assets	(4,174)	(21,263)
Amortization of unrealized foreign exchange fluctuations, debt discount and deferred income	-	21,693
Repurchase of Serial Debentures of School Divisions and Districts	(2,515)	(3,896)
Net Result for the year	-	-
Accumulated Deficit, End of Year	6,900,132	6,710,530

Note:

(1) As a result of the decision of the federal government to initiate recovery of the overpayment for the 2000 and 2001 tax years, an increase of $196.3 million has been included in the accumulated deficit for the Province. As a decision respecting the overpayment for the 1993 to 1999 tax years (now estimated at $439.0 million) has yet to be made by the federal government, no adjustment has been made related to this issue at this time. A federal decision to recover these funds would also result in an increase to the Province's accumulated deficit. Prior years' adjustments to the accumulated deficit have no impact on the excess of revenue over expenses as set out in balanced budget legislation.

PROVINCE OF MANITOBA
DEBT RETIREMENT FUND
PROJECTION FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

	2001/02 Actual	2000/01 Actual
	(thousands of dollars)	
Fund Balance, Beginning of Year	75,227	-
Revenue:		
Interest Earnings	3,860	227
Transfer from Operating Fund	96,357	96,357
	100,217	96,584
Expenditure:		
Transfer to Operating Fund for:		
- Debt Retirement	-	-
- Pension Obligation	(75,000)	(21,357)
	(75,000)	(21,357)
Fund Balance, End of Year	100,444	75,227

PROVINCE OF MANITOBA
FISCAL STABILIZATION FUND
PROJECTION FOR THE YEAR ENDED MARCH 31, 2002
(with comparative figures for March 31, 2001)
(UNAUDITED)

	2001/02 Actual	2000/01 Actual
	(thousands of dollars)	
Fund Balance, Beginning of Year	320,494	264,790
Revenue:		
Interest Earnings	13,923	15,240
Interfund Transfers		
Transfer to the Operating Fund - Re: Transfer from Manitoba Hydro	(150,000)	-
Transfer from the Operating Fund - Re: Year-End Surplus	53,722	40,464
	(96,278)	40,464
Fund Balance, End of Year	238,139	320,494